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DEPARTMENT PASS TO EUR/WE  
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SUBJECT: SPAIN: 2ND SUBMISSION SECRETARY'S AWARD FOR  
CORPORATE EXCELLENCE

REF: STATE 66434

1. U.S. Embassy Madrid has the honor of nominating Merck, Sharp and Dohme (MSD), Spain's division of Merck Pharmaceuticals, for the 2005 Secretary of State's Award for Corporate Excellence. MSD is a recognized leader in the business world, serving as a market leader in the field of healthcare technology in Spain for over 40 years, while adhering to the highest standards of corporate responsibility. Its investment in Spain is valued at over 370 million Euros (\$462.5 million USD) and the production facility located in Alcala de Henares supplies Merck products to over 60 countries. In addition, MSD's Madrid research facility has contributed to the discovery of five new drugs, which have been marketed worldwide. This mission believes that MSD has exceeded traditional corporate standards of operation and is a strong contender for this award.

2. Societal contributions. MSD sponsors the SERMES Special Employment Center, which facilitates the vocational and societal integration of the handicapped by means of full time employment. This program has resulted in the establishment of the first clinical research services company in Spain, employing handicapped personnel in areas such as monitoring clinical trials and other meaningful positions, while serving as an example to other companies within the sector. MSD also works closely with both the Bill Gates Foundation and the Government of Botswana to establish a working distribution network designed to provide AIDS medication to people suffering from the disease in Africa. The company contributes to the fight against AIDS within Spain, sponsoring the AIDS Research and Prevention Foundation. In addition, MSD works to improve the health of Spain's immigrant community by publishing books for medical personnel on tropical diseases and their symptoms (diseases new to Spain), supplying health questionnaires in several African languages and by donating 500 doses of drugs designed to fight filariasis, a tropical disease prevalent among African immigrants. Finally, MSD employees participate in the "advantages of staying at school" program, a five week volunteer program that targets students between the ages of 11 and 13 by providing information on the importance of education.

3. Corporate integrity. In addition to providing specific employee training on corporate integrity, rules and values, MSD is actively involved in a number of organizations and activities that promote these values. It is a founding member of Foretica, an association responsible for extending the good practices of business ethics and corporate social responsibility. MSD participates in the Consultants Groups of the Labor and Social Affairs Ministry (Spanish government), working on issues related to Spanish regulations in the area of social responsibility, and sponsors programs in these areas in conjunction with two Madrid based universities. Finally, MSD offers an annual research award on business ethics, the first of its type in Europe. The award rewards the most outstanding research work in the field of corporate social responsibility and business ethics. This year's winner, chosen from among 11 submissions, received the award for research in the field of minimizing the impact of corporate relocation on the local community.

4. Educational contributions. MSD is a major contributor to educational advances throughout Spain, providing support for research centers in several major Spanish universities that focus on fields unrelated to product development, such as economics and social research. MSD also funds academic chairs connected with medical research in two major Madrid universities, sponsors the Barcelona Cardiovascular Research Center, and has provided annual grants in the amount of \$200,000 to local researchers and clinical investigators over the last six years. In addition, MSD sponsors studies and informative forums on women's health, to encourage a reduction in gender-based health inequalities, while maintaining an internet portal with information on domestic violence, women's rights and information on diseases prevalent in women. Finally, MSD publishes and distributes Spanish language versions of the Merck manuals, a prominent informational series designed to assist medical personnel and

ordinary people identify and treat various health issues.

15. Environmental contributions. MSD works closely with the community of Alcala de Henares (the site of their largest plant) to promote environmental responsibility through reforestation efforts and educational projects, such as the "preferred neighbor" (joint education and cultural activities), "route of the cranes" (education on local bird species) and "botanical route" (education on local flora) programs. MSD employees also participate in the "Prestige" volunteer program, donating time to the environmental restoration of the Galician coastline. In addition to community projects, MSD employs strict environmental controls on their facilities, maintaining emissions that range from 10 to 50 percent below Spanish legal requirements. MSD also voluntarily participates in energy reduction programs, using solar panels to reduce energy consumption 3.5 percent over the last year. Finally, MSD has an active waste management and recycling program that is monitored via environmental audits and inspections.

16. Employment practices. MSD does not have diversity programs in regard to employment, they have facts. As a result of a conscious corporate effort, MSD employs a workforce of 1400 that consists of 50 percent women and 50 percent men. Its labor regulations are at the forefront in Spain, providing employees with programs such as flexible work schedules to accommodate family life, distance working, welfare benefits, corporate profit sharing and leadership development. Safety considerations also play an important role, with ongoing employee training and both internal and external audits and inspections contributing to the company's safety record.

17. Post stand ready to provide further information about this nomination on request. The POC for this nomination is Political/Economic Officer Michael Sestak; sestakmt@state.gov; 34-91-587-2388.

MANZANARES